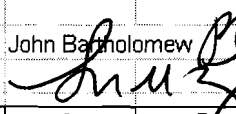


COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13 Change Request for FY 08-09 Budget Request Cycle											
Request Title:		Decision Item FY 08-09		Base Reduction Item FY 08-09		Supplemental FY 07-08		Budget Request Amendment FY 08-09			
Department:		Funding for Additional Leased Space		Health Care Policy and Financing		Dept. Approval by: John Bartholomew		Date: January 2, 2008			
Priority Number:		S-7, BA-2		OSP B Approval:				Date: 12/26/07			
		1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 06-07	Appropriation FY 07-08	Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	16,623,864	18,027,373	146,484	18,173,857	20,157,001	286,534	20,443,535	6,634	20,450,169	293,168
	FTE	225.36	245.30	0.00	245.30	259.50	0.00	259.50	0.00	259.50	0.00
	GF	6,719,252	7,886,710	73,242	7,959,952	8,385,654	143,267	8,528,921	3,317	8,532,238	146,584
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	154,890	0	154,890	216,481	0	216,481	0	216,481	0
	CFE	412,657	612,532	0	612,532	2,153,788	0	2,153,788	0	2,153,788	0
	FF	9,491,955	9,373,241	73,242	9,446,483	9,401,078	143,267	9,544,345	3,317	9,547,662	146,584
(1) Executive Director's Office - Personal Services	Total	15,260,951	16,715,590	10,500	16,726,090	18,860,743	10,500	18,871,243	(10,500)	18,860,743	0
	FTE	225.36	245.30	0.00	245.30	259.50	0.00	259.50	0.00	259.50	0.00
	GF	6,054,845	7,261,822	5,250	7,267,072	7,768,653	5,250	7,773,903	(5,250)	7,768,653	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	140,495	0	140,495	212,681	0	212,681	0	212,681	0
	CFE	399,006	592,486	0	592,486	2,121,195	0	2,121,195	0	2,121,195	0
	FF	8,807,100	8,720,787	5,250	8,726,037	8,758,214	5,250	8,763,464	(5,250)	8,758,214	0
(1) Executive Director's Office - Operating Expenses	Total	1,196,014	1,039,465	145,531	1,184,996	1,023,940	212,013	1,235,953	(40,763)	1,195,190	171,250
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	586,457	494,229	72,766	566,995	486,342	106,006	592,348	(20,382)	571,966	85,625
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	14,395	0	14,395	3,800	0	3,800	0	3,800	0
	CFE	8,151	14,546	0	14,546	27,093	0	27,093	0	27,093	0
	FF	601,406	516,295	72,765	589,060	506,705	106,007	612,712	(20,381)	592,331	85,625

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13											
Change Request for FY 08-09 Budget Request Cycle											
	Decision Item FY 08-09	<input type="checkbox"/>	Base Reduction Item FY 08-09	<input type="checkbox"/>	Supplemental FY 07-08	<input checked="" type="checkbox"/>	Budget Request Amendment FY 08-09	<input checked="" type="checkbox"/>			
Request Title:	Funding for Additional Leased Space										
Department:	Health Care Policy and Financing				Dept. Approval by:	John Bartholomew		Date:	January 2, 2008		
Priority Number:	S-7, BA-2				OSPB Approval:			Date:			
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 08-09	Reduction	FY 08-09	FY 08-09	FY 08-09	(Column 5)
(1) Executive Director's Office - Leased Space	Total	166,899	272,318	(9,547)	262,771	272,318	64,021	336,339	57,897	394,236	121,918
	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	77,950	130,659	(4,774)	125,885	130,659	32,011	162,670	28,949	191,619	60,959
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	5,500	5,500	0	5,500	5,500	0	5,500	0	5,500	0
	FF	83,449	136,159	(4,773)	131,386	136,159	32,010	168,169	28,948	197,117	60,959
Letternote revised text:											
Cash Fund name/number, Federal Fund Grant name:				FF: Title XIX							
IT Request: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No											
Request Affects Other Departments: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				If Yes, List Other Departments Here:							

CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE

Department:	Health Care Policy and Financing
Priority Number:	S -7, BA - 2
Change Request Title:	Funding for Additional Leased Space

SELECT ONE (click on box):

- ☐ Decision Item FY 08-09
☐ Base Reduction Item FY 08-09
☒ Supplemental Request FY 07-08
☒ Budget Request Amendment FY 08-09

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:

- ☐ Not a Supplemental or Budget Request Amendment
☐ An emergency
☐ A technical error which has a substantial effect on the operation of the program
☒ New data resulting in substantial changes in funding needs
☐ Unforeseen contingency such as a significant workload change

Short Summary of Request:

This Request is to amend a previously submitted Decision Item (DI - 10 Funding for Additional Leased Space, November 1, 2007) for the Department of Health Care Policy and Financing to increase funding for Leased Space. This request is for total funding of \$146,484 for FY 07-08 so the Department may finalize a pending lease at 225 E. 16th Avenue.

Background and Appropriation History:

The Department of Health Care Policy and Financing is the second largest General Fund/General Fund Exempt budget in State government and one of the smallest Executive branch departments in terms of staff size. With the Department's ever-growing caseload, expenditures and programs, staffing levels have been increasing, but the space that the Department has appropriated to house these staff has not grown to the same degree.

In May 2003, the Department moved to its current location at 1570 Grant Street. When the Department moved to 1570 Grant in 2003, it was apparent that the Department would not be able to accommodate much growth. From the time of this move up to the present, the programs for which the Department is responsible have grown both in size

and complexity, resulting in additional FTE appropriations. For FY 07-08, the Department was appropriated \$391,072 through Common Policies for space at 1570 Grant Street. This space currently houses 230 positions. Additionally, in FY 06-07 the Department began leasing two floors at 225 E. 16th Avenue that contain an additional 56 spaces to house staff that the Grant Street building could not accommodate, providing a total of 286 spaces for employees to work.

The table below shows the historical FTE count for each fiscal year since the Department moved to its current location at 1570 Grant Street in May 2003. This table indicates that FTE appropriations have increased a total of 32% since the Department moved to its current location.

Year	Long Bill FTE Appropriation	Special Bill FTE Appropriations	Total FTE
FY 02-03	193.3	1.2	194.5
FY 03-04	196.6	3.8	200.4
FY 04-05	196.1	6.7	202.8
FY 05-06	207.1	7.3	214.4
FY 06-07	222.7	8.0	230.7
FY 07-08	238.0	19.5*	257.5

* Includes June 20, 2007 1331 Emergency Supplemental for the Office of Colorado Benefits Management System staff of 12 FTE transferred to the Department on July 1, 2007.

The table above shows the number of approved FTE, not the number of positions. The Department had 274 positions (though not all filled) as of June 30, 2007, not including contractors, temporary staff, interns, or auditors. The Department employs a number of temporary staff to comply with legislation and to complete special projects. For example, as of June 2007, the Department had employed roughly 35 different temporary staff, interns and contractors throughout FY 06-07.

The Department's space issues are not new, for FY 05-06 the Department received one time funding of \$36,278 total funds to house 15 temporary employees charged with the implementation of the Medicare Modernization Act. Additionally, HB 05-1262 (the

Tobacco Tax bill) and two 1331 Emergency supplementals (one for an emergency call center for cases that exceed processing guidelines and another to cover tasks inadvertently left out of HB 05-1262) were approved providing an additional \$38,903 to house employees authorized through those legislative initiatives, for a total FY 05-06 appropriation of \$75,181.

For FY 06-07 the one time funding for the Medicare Modernization Act was removed. However, the Department requested supplemental funding to acquire additional leased space at 225 E. 16th Avenue to alleviate overcrowding at 1570 Grant Street. Funding for FY 06-07 was approved for \$218,950 (annualized) to lease an additional 13,056 square feet of office space to accommodate the increased staff from other FTE appropriations. This space provided the Department with critically needed room to place staff and provide two conference rooms for staff and the Medical Services Board to meet. Additionally, this allowed the Department to relieve overcrowded conditions at 1570 Grant Street.

General Description of Request:

When the Department submitted its Decision Item (DI - 10) in November 2007 it did not yet have definitive lease information. Therefore, it used the cost of its previously negotiated lease agreement as the basis of its request, and the Department of Personnel and Administration - Division of Finance and Procurement's standard for an efficient use of space, which provides 200 square feet of space per employee. At that time the Department requested to lease 7000 square feet at an estimated rate of \$16.77 per square foot to house 35 employees. Since DI -10 was submitted, the Department has been able to locate 8,347 square feet of leased space at a rate of \$21.00 per square foot that the Department plans to begin leasing on April 1, 2008. The Department was able to locate two contiguous offices on the 6th floor of 225 E. 16th Avenue. One office consists of 3,151 square feet and the other, next door, is 5,196 square feet. The Department decided to pursue these spaces as they were in the same building that it currently leases space, they are both on the same floor, facilitating easy interaction among staff located there. By requesting the two full suites, the Department will avoid additional expenditures required to modify the space that would otherwise be required if the Department only pursued the 7,000 total square feet as was previously requested in DI -10. This would provide each employee with approximately 238 square feet of office space.

Due to timing issues associated with the Department's FY 07-08 Decision Item (DI-5) submitted on November 1, 2006 and the Department's FY 06-07 Supplemental (S-8) submitted on January 4, 2007 for Leased Space, \$53,369 was inadvertently left in the Department's Leased Space appropriation for FY 07-08 and beyond. This request, therefore, will revert \$9,547 of its FY 07-08 Leased Space appropriation. It will increase the Department's need for Leased Space in FY 08-09 and beyond by a total of \$175,287 total funds, with a net increase to the Department's Leased Space Appropriation of \$121,918.

The Department's DI - 10 request; Funding for Additional Leased Space submitted on November 1, 2007 will provide \$64,021 of this \$121,918 need and this Supplemental Request is seeking the remaining \$57,897 required. In order to have adequate funding to pay for this Leased Space the Department requires approval of both DI - 10, and this Supplemental Request (See Table A).

Additionally, due to the ability to move into the new Leased Space in FY 07-08 versus FY 08-09, the Department will need to move funding into FY 07-08 to build out the space to make it useful. The Office of State Planning and Budget's Common Policies currently provides \$2,225 for office equipment. However, this amount is inadequate to purchase and install modular office equipment that is the norm for buildings with open floor plans. The Office of State Planning and Budget's Common Policies provide funding for a stand alone desk, an office chair, a side chair, a computer tray, a file cabinet and a bookcase. The Department does not use stand alone desks for its employees; it provides modular office furniture (cubicles) instead. As a result, this Common Policy does not provide sufficient funding for the Department to purchase and install suitable work stations for its employees. The Common Policy also does not address nor does it fund, any ancillary issues such as office layout design, and required infrastructure such as electrical connections, phone lines and cubicle walls.

The Department is requesting incremental funding to acquire cubicles of the same style of those previously purchased to furnish its current lease space on the second floor at 225 E.

16th Avenue. The reason the Department is requesting funding in this amount is to provide flexibility and interchangeability when office reconfigurations are required. If the Department is not allowed to purchase like style cubicles, it will not have the ability to make inexpensive adjustments to cubicle configurations when office layouts are changed. The Department has received quotes from the State's designated furniture provider (Colorado Correctional Industries, DBA Juniper Valley Products). Juniper Valley Products has provided updated quotes of modular office furniture of \$4,401 per cubicle. However, this quote does not include the necessary employee chair that the Department will be required to purchase at an additional cost of \$419 each.

The Department's original Request (DI - 10) also contained an error, the number of unfunded cubicles requested in DI - 10 should have been 19 not 12 as requested in DI - 10. The Department received partial funding for 16 FTE referenced in DI - 10. The Department regrets this error, and would like to correct it now to insure the correct amount of funding is provided for its employees' workstations. Additionally, as stated earlier, the Common Policies associated with office equipment is inadequate to purchase the modular office equipment required by the Department, therefore the Department is now also requesting incremental funding for those positions previously appropriated or contained in other submitted Decision Items.

The Department will also require one-time funding for personal services and operating expenses to build out the acquired space with cubicles, chairs, telecommunications and information technology equipment, wiring and associated data transmission equipment for the space. The Department projects these costs will total \$156,031 (See Table B).

Consequences if Not Funded:

In order to have adequate funding to pay for this space the Department requires approval of both DI - 10, and this Supplemental Request. If this Supplemental Budget Request Amendment is not funded, the Department would not have adequate funding to pay its anticipated leased space expenses for FY 08-09 and beyond. Therefore, it would have no space to house employees that were authorized by special bills passed during the 2007 legislative session, and would not be prepared to take on staff to support the implementation of any proposed health care reform. Additionally, the Department would

be forced to perform a hiring freeze due to a lack of physical space and only hire positions as space becomes available for a seating location. The consequences of this action would likely include delays in implementing the Governor's Health Care Initiatives, non-compliance with federal and State requirements and increased turnover as the work environment becomes increasingly less tolerable.

Calculations for Request:

Summary of Request FY 07-08	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Total Request	\$146,484	\$73,242	\$0	\$73,242
(1) Executive Director's Office - Personal Services (Column 3)	\$10,500	\$5,250	\$0	\$5,250
(1) Executive Director's Office - Operating Expenses (Column 3)	\$145,531	\$72,766	\$0	\$72,765
(1) Executive Director's Office - Leased Space (Column 3)	(\$9,547)	(\$4,774)	\$0	(\$4,773)

Summary of Request FY 08-09	Total Funds	General Fund	Cash Funds Exempt	Federal Funds
Total Request	\$6,634	\$3,317	\$0	\$3,317
(1) Executive Director's Office - Personal Services (Column 8)	(\$10,500)	(\$5,250)	\$0	(\$5,250)
(1) Executive Director's Office - Operating Expenses (Column 8)	(\$40,763)	(\$20,382)	\$0	(\$20,381)
(1) Executive Director's Office - Leased Space (Column 8)	\$57,897	\$28,949	\$0	\$28,948

Table A - Leased Space Cost				
Square Feet Per Employee	Number of Employees/Spaces	Total Square Feet Required	Cost per Square Foot	Total Leased Space Cost
238	35	8,347*	\$21.00	\$175,287
Appropriated Leased Space Funding that is not Currently Needed				(\$53,369)
Net Total Annual Need				\$121,918
Funding Provided through DI - 10				(\$64,021)
Net Additional Leased Space Need				\$57,897

Table B – FY 07-08 Build-Out Costs	
<i>(1) Executive Director's Office, Personal Services</i>	
Contract for Movers	\$6,500
Electrical Installation	\$4,000
Subtotal Personal Services	\$10,500
<i>(1) Executive Director's Office, Operating Expenses</i>	
Purchase and Installation of 19 Cubicles at an average rate of \$4,401 per Cubicle	\$83,619
Incremental Purchase and Installation of 16 Cubicles at an average rate of \$4,401 per Cubicle due to inadequate funding provided in the authorizing legislation, which provided \$2,225 (= \$2,176 * 16)	\$34,816
35 Additional Chairs at \$419 per Chair	\$14,665
Printers and Fax Machines	\$4,795
Telephone Installation and Equipment	\$2,100
Wiring for Data Equipment	\$2,350
Data Equipment – Ethernet Switch and Panel Patch	\$3,186
Subtotal Operating Expenses	\$145,531
Total for Personal Services and Operating Expenses	\$156,031

* Amount does not match due to rounding.

Assumptions for Calculations:

The Department's total need for Leased Space is \$175,287, based on the pending agreement between the Department and the building management company, for two suites on the 6th floor of 225 E. 16th Avenue.

As stated previously in the Department's Decision Item (DI - 10), due to timing issues associated with the Department's FY 07-08 Decision Item (DI-5) submitted on November 1, 2006 and the Department's FY 06-07 Supplemental (S-8) submitted on January 4, 2007 for Leased Space, \$53,369 was inadvertently left in the Department's Leased Space appropriation for FY 07-08 and beyond. Therefore, that appropriation offsets a portion of the total need, reducing the Department's net increase in costs to \$121,918 annually (see Table A).

As this request is an amendment of the Department's previously submitted Decision Item (DI - 10), it is anticipated that DI - 10 has already received legislative approval, therefore the funding requested in DI - 10 needs to be factored into this request. DI - 10 requested funding of \$64,021, so factoring this amount into the Request results in a net additional need of \$57,897 for leased space.

Impact on Other Government Agencies:

None.

Cost Benefit Analysis:

Cost	Benefits
\$146,484 in FY 07-08, \$6,634 in FY 08-09	The Department would be able to lease, build out and furnish 8,347 square feet of additional office space for staff use. Increasing the Department's ability to meet the ever growing demands placed upon it.
\$0	If funding is not approved, the Department would be forced to stop hiring and possibly lay off staff, jeopardizing the completion of required projects. The Department would most likely experience greater turnover as the work environment become less tolerable.

Implementation Schedule:

Task	Month/Year
Lease Awarded/Signed	February 2008
Build Out and Tenant Preparation Begins	March 1, 2008
Build Out and Tenant Preparation Complete	March 31, 2008
Move Date	April 1, 2008

Statutory and Federal Authority:

24-1-107, C.R.S. (2007). Internal organization of department - allocation and reallocation of powers, duties, and functions - limitations. *In order to promote economic and efficient administration and operation of a principal department and notwithstanding any other provisions of law, except as provided in section 24-1-105, the head of a principal department, with the approval of the governor, may establish, combine, or abolish divisions, sections, and units other than those specifically created by law and may allocate and reallocate powers, duties, and functions to divisions, sections, and units under the principal department, but no substantive function vested by law in any officer, department, institution, or other agency within the principal department shall be removed from the jurisdiction of such officer, department, institution, or other agency under the provisions of this section.*

25.5-1-104 (2) (4), C.R.S. (2007). Department of health care policy and financing created - executive director - powers, duties, and functions...(2) *The department of health care policy and financing shall consist of an executive director of the department of health care policy and financing, the medical services board, and such divisions, sections, and other units as shall be established by the executive director ...* (4) *The department of health care policy and financing shall be responsible for the administration of the functions and programs as set forth in part 2 of this article.*

Performance Measures:

This Request will help provide more administrative resources in order to support nearly all of the Department's Performance Measures, including those that are aligned with the Governor's *The Colorado Promise*:

- Increase the number of clients served through targeted, integrated care management programs.
- Increase the number of children served through a dedicated medical home service delivery model.
- Increase number of managed care options for clients enrolling in Medicaid.
- Increase the number of clients enrolled in viable managed care options.
- Improve access to and the quality of Medicaid health care as demonstrated through improvements in Medicaid Health plan scores on Health Plan Employer Data Information Set (HEDIS) measures.